

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE DIVISION OF COOPERATIVE MARKETING,  
BUREAU OF AGRICULTURAL ECONOMICS, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

---

April 16, 1927.

Vol. V, No. 8.

## NEW CONTRACT FOR BURLEY TOBACCO GROWERS

A seven-year contract with a 75 per cent sign-up, is the program announced by the management of the Burley Tobacco Growers' Cooperative Association, Lexington, Ky. The board of directors decided at their regular April meeting to submit to the growers such a contract. It is stated that if 75 per cent of the Burley tobacco crop, based on the 1926 production, is not signed up by November 1, 1927, the sales houses of the association will be opened and the tobacco sold at auction without pooling either tobacco or proceeds.

The marketing contract under which the association has been operating during the past five years expires with the completion of the marketing of the 1926 crop of tobacco. The proposed contract is to cover the 1927 crop and the crops of the succeeding six years.

--- 0 ---

## CONNECTICUT TOBACCO GROWERS' CONTRACTS CANCELLED

Members of the Connecticut Valley Tobacco Association, Hartford, Conn., have been released from their marketing contracts. The original contracts were executed in 1912 and covered the crops of 1922, 1923, 1924, 1925 and 1926. About two years ago a new contract covering the crops of 1927, 1928, 1929, 1930 and 1931, was drafted and presented to the membership for signatures. Growers to the number of 2,722 signed the new contract. The board of directors, however, questioned the advisability of trying to continue the marketing enterprise without a larger percentage of the tobacco growers of the valley in the organization, and they recommended that the question of releasing those who had signed the new contract be submitted to a vote. This was done, and a majority of those voting expressed themselves in favor of abandoning the new contract. On March 1 the executive committee formally declared the contracts cancelled.

The growers are now about where they were before they signed the first contract five years ago. They are under no obligation to deliver tobacco to their association. The officers of the association are closing up the business connected with the marketing of the five crops delivered by the members. The future is entirely in the hands of the growers.

### REFUND FOR COLORADO POTATO GROWERS

Members of the Colorado Potato Growers' Exchange, Denver, have recently received from the association more than \$43,000 in refunds on the 1924-25 crop. This amount represents additional claims collected on shipments of 1924 potatoes, and the 2 per cent reserve fund set aside in that year. The actual amount of the refund varies in the different local associations according to the gross value of the potatoes sold. On a hundred-weight basis the refunds ranged from 2.5822 cents to 3.8973 cents. The largest refund, \$9,655, was to the Monte Vista Association and the second largest to the Center Association.

Checks for these refunds were distributed to members at meetings of the local associations. Most of these meetings were social occasions with special dinners for members and their guests.

---0---

### WASHINGTON APPLE FEDERATION PAYS GROWERS PROMPTLY

Shipments of apples by the Wenatchee-Okanogan Cooperative Federation, Wenatchee, Wash., amounted to 2,044 cars to January 31, 1927, of which 136 were exported, according to the annual report. Net returns to the Union, after deducting all charges, amounted to \$1,502,144. In conformity with the policy of the association, accounting and checks were mailed on each car the same day the money was received at headquarters. In the past season the checks for cars sold in the domestic markets were mailed on an average of 20.7 days from dates the cars left shipping points. On export sales the time was 57.1 days.

Brokerage costs averaged 3½ cents per box on all these cars, and total costs of sales averaged 13½ cents per box.

In the four years of operation, the Federation, known as "Wenoka," has handled the following amount of business:

Season	Cars shipped	Domestic markets			Foreign markets
		No. of buyers	No. of cities	No. of states	
1923-24	1,998	530	243	39	13
1924-25	1,600	403	193	40	10
1925-26	2,015	536	261	41	14
1926-27	* 2,044	487	228	37	10

\* To January 31, 1927.

For the 7,490 cars which had been shipped and paid for to January 31, the shippers had received net returns of \$7,317,019, an average of nearly \$1,000 a car.

In terms of boxes these 7,490 cars represented more than 5,000,000 boxes which averaged to the shippers \$1.31 net f.o.b., on all varieties, grades and sizes, over a period of four years.

### WISCONSIN ASSOCIATION MARKETS CHERRIES

Sales of fruit and growers' supplies were larger during 1926 than for any preceding year in the history of the Door County Fruit Growers' Union, Sturgeon Bay, Wisconsin. This association, formed in 1916, is engaged principally in marketing the large cherry crop produced annually in the vicinity of Sturgeon Bay. Receipts from the sale of fresh cherries amounted to \$268,938, while the value of the cherries which were canned was \$942,615. Strawberries, currants, gooseberries, raspberries, apples, peaches and plums were sold in small quantities. Receipts from the sale of growers' supplies for the year amounted to nearly \$100,000.

The growth of the association as measured in volume of business handled is shown by the following figures:

Year	Crates of cherries*	Packages of fruit**	Sales		Total income
			Growers' supplies	Fruit	
1916	31,371	43,832			
1917	104,758	117,174			
1918	32,792	39,625			
1919	205,453	210,211	\$ 38,916	\$557,862	\$ 607,484
1920	188,080	211,469	77,763	551,149	629,300
1921	344,695	380,545	101,014	977,999	1,089,202
1922	425,517	495,699	140,694	836,738	1,048,597
1923	238,224	330,686	117,743	434,795	578,494
1924	646,048	751,230	89,056	659,867	750,004
1925	221,492	390,136	101,202	344,986	446,583
1926	582,756	636,584	98,291	1,051,585	1,162,722

\* Sixteen-quart crate.

\*\*Barrels of apples counted as three packages

Total disbursements for 1926, including salaries, operating expenses, interest, insurance, taxes, depreciation, and dividends on capital stock were \$43,288.

At the close of 1926 the land and buildings belonging to the association were valued at \$52,273; the equipment, \$27,271. There was capital stock outstanding to the amount of \$77,120. The net worth of the enterprise on December 31, last, was \$83,091. The association serves about 400 fruit growers.

A canning factory is operated for the purpose of processing the fruit and preparing it for market.



### EQUITY UNION CREAMERIES CONTINUE TO EXPAND

Expansion is the order of the day with the Equity Union Creameries, Aberdeen, S. D. Equipment for making cheese is to be installed in the Aberdeen plant to aid in caring for surplus milk. This enterprise will be started in a conservative way with the idea of adding further equipment as needed. At Mobridge an ice cream plant is to be opened, with storage for 1,000 gallons of ice cream. A small refrigeration unit is also to be placed in the Mobridge plant. This will enable the association to deliver ice cream to its patrons in the iceless bags instead of heavy tubs packed with ice, thereby making a great saving in transportation costs.

-----0-----

### MODESTO CREAMERY REPORTS BIG INCREASE IN BUTTER MADE

More than six million pounds of butter was manufactured in 1926 by the Milk Producers' Association of Central California, at its Modesto plant. This is an increase of 77 per cent for the past five years, and an increase of 29 per cent for 1926 as compared with 1925.

The association began operating in 1918 and during eight months of that year made 1,945,044 pounds of butter. The quantities of butter made for the various years are as follows:

Year	Butter made	Year	Butter made
	(Pounds)		(Pounds)
1918	*1,945,044	1923	4,314,455
1919	3,172,825	1924	5,380,874
1920	3,295,650	1925	4,679,472
1921	3,400,687	1926	6,023,367
1922	3,790,487		

\*Eight months.

Two creameries are operated by the association, one at Modesto and one at Stockton. The output of the creameries is sold largely through the Challenge Cream and Butter Association, Los Angeles, a cooperative sales agency serving a number of cooperative creameries.

Loans amounting to a quarter of a million dollars were made by the Milk Producers' Association to its members during 1926. These loans were largely for the purpose of buying cows and making improvements in dairy equipment. At the close of the business year approximately 2,100 milk producers were delivering to the association plants.

### NEBRASKA CREAMERY MAKES MORE BUTTER

A handsomely printed pamphlet issued by the Farmers' Equity Co-operative Creamery Association, Orleans, Nebr., is entitled "The Golden Stream," and contains detailed information regarding the activities of the association during 1926. Two similar pamphlets issued in 1924 and 1925, were entitled, "The Wonderful Dream that Came True" and "The Countless Stars in the Milky Way."

During the year ending November 30, 1926, 125,000 cans of cream were received at the creamery, from which enough butter was made to fill a train of refrigerator cars two miles long. The total number of pounds of butter made was 3,055,152 compared with 2,172,180 for the preceding year and 1,690,144 for the year ending November 30, 1924. Total sales for the 1926 year amounted to \$1,209,243. Net earnings for the year were \$41,973.

The creamery is now serving several thousand dairymen in Nebraska, Kansas, and Colorado. Seven truck routes radiating from Orleans cover the territory within fifty miles of the creamery. Sixty-seven cream stations at more distant points were operated last year, the cream being forwarded by train.

(See Agricultural Cooperation, February 19, 1927, p. 61.)

-----0-----

### CHEESE SALES BY CANADIAN COOPERATIVE

Total sales by the United Dairymen Cooperative, Limited, Montreal, were \$3,376,301 for 1926. The greater part of the receipts were derived from the sale of cheese, the association being a sales agency for cheese factories scattered through eleven counties. These factories are operated by local units, each consisting of forty or more farmers who hold 80 or more shares of stock of the par value of \$25. The sales agency was formed in 1920 and since that year has marketed 847,831 boxes of cheese valued at more than \$14,000,000.

The growth of the enterprise is indicated by the following data:

Year	Cheese		Butter & supplies	Total sales
	Boxes	Value		
1920	43,602	\$1,607,344	\$28,437	\$1,635,831
1921	100,738	1,538,505	19,426	1,557,931
1922	92,228	1,283,721	15,676	1,299,397
1923	96,294	1,606,109	10,934	1,617,043
1924	141,944	2,025,597	43,043	2,068,640
1925	163,163	3,208,426	27,566	3,235,992
1926	206,862	3,218,275	153,033	3,376,308

MINNESOTA CREAMERIES REPORT ON MANY LINES OF EFFORT

Business of the Land O'Lakes Creameries, Inc., Minneapolis, for 1926, amounted to nearly forty million dollars, the exact figures being \$39,851,656. This included sales of butter, sweet cream, buttermilk powder, cheese, eggs, and creamery supplies.

Butter sold during the year totaled 80,622,796 pounds, and the average gross monthly price paid creameries for all butter was 44.63 cents a pound. Sales were made to 200 firms in 82 different cities in the United States. Chain stores, milk distributors and jobbers were the chief sources of sales. Twice as much print butter was sold as in 1925. New York and Boston were the leading markets, each absorbing more than 17 million pounds. Dairy products other than butter brought in two million dollars, and sales of creamery supplies amounted to nearly one and three-quarters million dollars.

Every churning of butter is inspected at concentration points, and the quantity which qualifies as Land O'Lakes, or 93 score and above, has increased in two years from 32 per cent to 71 per cent of the total output.

The annual meeting of the association, held March 10 and 11, was an unusual affair in several respects. The members, officers, and employees participating in the event formed one of the largest groups of agricultural cooperators yet brought together in America, numbering about 4,000. One of the large rooms of the association's Minneapolis plant was fitted up as a auditorium and proved a very satisfactory place for holding the meeting. Mid-day and evening meals were served in the plant to those attending the meeting. Dairy products were featured in these meals, including several products for which the association is trying to stimulate consumer demand.

The president, in his address, reminded the members that when the association started it was merely an idea. It had not a dollar of capital and not a single member. Now it has more than 400 of the finest creameries as members, and is saving them \$750,000 a year. First efforts were directed toward assembling butter and shipping in carlots. This of itself has proved of inestimable value to both member and non member creameries.

Among the other lines of effort have been the improvement of quality of butter, development of new market channels, manufacture of milk powder and buttermilk powder, and extensive sales of fresh cream.

In 1926 the association shipped 3,508 cars of butter and 317 cars of sweet cream, besides many cars of powder and creamery supplies.

Two hundred fifty-nine tubs of butter were entered for the annual butter contest. Of these only 19 tubs scored below 92. The highest score was 95.25; the second 95; and the third highest, 94.75.



MORE EGGS AND POULTRY MARKETED BY MANITOBA PRODUCERS

Reports presented at the annual meeting of the Manitoba Cooperative Poultry Marketing Association, Ltd., held at Brandon, Man. March 2, showed that the association marketed 1,242,960 dozen eggs in 1926 compared with 560,258 dozen in 1925. Dressed poultry to the amount of 946,307 pounds was marketed, compared with 653,742 pounds the previous year, or the equivalent of 55 and 40 cars, respectively. Total turnover increased from \$39,462 in 1922 to \$856,896 in 1926.

One hundred twenty-five delegates were in attendance at the meeting, representing 82 locals with approximately 8,000 members. When the association began business in 1922 it had 719 members.

The delegates decided that an effort should be made to create an interprovincial association with a Dominion charter, to serve the several pools as a central clearing house. Need for increased consumption of eggs to keep pace with production, was pointed out.

-----0-----

SASKATCHEWAN EGG ASSOCIATION COMPLETES FIRST YEAR

At the annual meeting of the membership of the Saskatchewan Cooperative Poultry Producers, Ltd., held at Regina, Sask., March 10, 1927 it was reported that the turnover for the first year of business amounted to \$537,117. The association began business March 29, 1926 with 175 receiving stations. Shipments for the year were as follows. eggs. 89 cars; culled hens, 17 cars; live spring chickens and fowls 15 cars; dressed chickens and turkeys, Christmas pool, 26 cars; storage pool, 2 cars. The 89 cars of eggs represented approximately 1,200,000 dozens, or 40,000 cases. At the close of the year the association had paid-up share capital amounting to \$12,374 and a reserve of \$7,700. The membership is approximately 16,000.

Announcement has been made by the Saskatchewan Cooperative Creameries, Ltd., Regina, that it is turning over its entire egg and poultry business to the Saskatchewan Cooperative Poultry Producers, Ltd. All the facilities of the creameries association for assembling and handling eggs and poultry, including the equipment for feeding live poultry and dressing it for market, have been taken over by the Poultry Producers.

Members of the creameries association are advised to ship their eggs direct to the nearest candling station of the Poultry Producers. However, arrangements have been made for the 52 local creameries to act as assembling and shipping agents for the egg pool. This service is for the convenience of producers.

### DIVIDEND DECLARED BY OHIO EQUITY EXCHANGE

Representatives of a large number of Equity elevators attended the annual meeting of the Ohio Equity Exchange Company, Lima, on February 24. Reports showed a steady increase in the volume of business handled, also a net income of nearly \$4,000. Of this amount \$2,901 was prorated back to the local elevators and 20 per cent was carried to the reserve fund. Country elevators may become members of the Exchange by leaving their patronage dividends in the treasury until they amount to \$100, the amount of the membership fee.

---0---

### KANSAS COMMISSION COMPANY MAKES PATRONAGE REFUNDS

Patronage refunds to the amount of 21,316 were made to the fifty shareholding elevators shipping grain to the Farmers' Cooperative Commission Company, Hutchinson, Kans., during 1926. In addition, these country elevators received shares of new stock to the value of \$16,400. Net earnings for the year were \$41,285. Approximately 91 per cent of this amount was earned on the business of member-elevators. The earnings on the business of nonmember elevators, amounting to \$3,830, was carried to surplus, increasing the total to \$18,590. Net worth of the company at the close of the business year was \$104,308. The shareholders are 54 local companies operating about 60 country elevators.

A total of 4,281 cars of grain were received from member elevators and 468 cars from nonmembers. Total grain sales amounted to \$8,055,245.

The company was organized in 1915 and maintains offices at Hutchinson and Wichita. Its growth is shown by the following figures:

Year	Gross sales	Net earnings or losses
1916*	\$ 736,653	\$ 211
1917**	1,816,214	1,869
1918**	1,979,953	711
1919**	2,194,969	4,452
1920**	3,655,708	9,975
1921**	7,394,745	21,043
1922**	4,876,158	21,888
1923**	2,689,490	6,347
1924**	2,179,687	2,197 Loss
1925**	7,424,119	30,071
1926**	5,656,958	12,213
1927***	8,055,245	41,285

\* Ending May 31.

\*\* Ending April 30.

\*\*\* Ending Feb. 28.

### SASKATCHEWAN ELEVATOR COMPANY WINDING UP BUSINESS

After 15 years of active service the Saskatchewan Cooperative Elevator Company, Ltd., Regina, Canada, is winding up its affairs. Its vast system of elevators has been sold to the Saskatchewan Pool Elevators, Ltd., a subsidiary of the Saskatchewan Cooperative Wheat Producers, Ltd., and arrangements have been made for the liquidation of the old company.

The first general meeting of the Saskatchewan Cooperative Elevator Company was held on July 6, 1911. At that time plans were made for handling the 1911-12 grain crop. Forty country elevators were built and six were purchased. With these facilities 3,262,426 bushels of grain were handled. During its final season 451 elevators were operated, handling 52,629,835 bushels of grain.

During the fifteen-year period the number of shareholders in the company increased from less than 9,000 to more than 28,000. Net earnings during the year have varied from less than \$53,000 for the 1911-12 marketing season to more than \$825,000 for the 1925-26 season. Figures indicating the growth of the company are given below:

Year*	Number of share-holders	Country elevators		Net earnings
		Number	Grain handled	
			(Bushels)	
1911-12	8,962	123	3,262,426	\$ 52,461
1912-13	13,156	192	12,899,000	167,926
1913-14	14,922	216	19,677,000	285,181
1914-15	15,922	230	13,765,000	133,745
1915-16	18,077	260	39,089,000	557,795
1916-17	19,317	301	32,360,000	350,752
1917-18	20,683	314	25,994,000	124,811
1918-19	21,032	315	20,812,000	193,599
1919-20	21,143	324	19,512,000	224,988
1920-21	21,535	339	26,196,000	279,413
1921-22	23,014	354	34,770,000	463,056
1922-23	23,228	386	40,773,000	442,212
1923-24	28,000	440	48,502,000	475,534
1924-25	28,000	450	27,392,000	377,871
1925-26	- - -	451	52,629,835	825,546

\* Ending July 31.



The final year of the fifteen was exceptional in several respects. Total grain receipts at the country elevators were the largest in the history of the company. Average receipts for the 451 elevators were 116,696 bushels per elevator. The most active elevator handled 345,525 bushels. Over 45 per cent of the grain received was purchased, and 54 per cent was received for storage. Total grain handlings by the country elevators were nearly twice as large as for the preceding year.

The company's commission department handled 52,240,583 bushels of grain during the year. Over 99 per cent of all the grain delivered to the country elevators of the company was sold through the commission department. The export department sold 14,547,060 bushels. The terminal elevators under the control of the company handled 63,639,198 bushels.

As a result of the exceptional volume handled in 1925-26, the net earnings for the year were the largest in the history of the organization. At the close of the business year, July 31, paid-up share capital amounted to \$2,446,200, and the elevator reserve which has been built up out of annual earnings amounted to \$2,608,412. Unappropriated profits were more than \$929,360. Provision was made for the payment of a dividend of 8 per cent on all shares allotted prior to April 1, 1926. This dividend amounted to \$195,696.

Up to July 31, a total of 105,893 shares of stock had been issued. These shares had a book value on July 31, varying from \$7.50 for those issued during the 1925-26 season, to \$42 for those issued during the 1911-12 season. To the holders of these shares will be distributed the proceeds from the sale of the property of the company. The estimated returns to shareholders will vary from \$27.82 for the shares with a book value of \$7.50, to \$155.84 for those shares having a book value of \$42. The total amount of the increment arising during the life of the enterprise is given as \$6,630,650, and the total amount to be paid shareholders is given as \$9,076,850. The original cash investment by all shareholders was less than \$1,000,000. Earnings accruing to stockholders during the fifteen years have, therefore, amounted to more than \$8,000,000.

(Articles relative to the Saskatchewan Cooperative Elevator Company have been published in Agricultural Cooperation as follows: December 15, 1924, p. 419; January 1925, p. 11; June 8, 1925, p. 240; September 14, 1925, p. 380; January 18, 1926, p. 29; May 10, 1926, p. 198; August 30, 1926, p. 359.)



### COOPERATIVE SALES ON TERMINAL LIVESTOCK MARKETS

Sales and purchases by farmer-owned and -controlled commission agencies operating on 20 terminal livestock markets amounted to nearly \$300,000,000 for 1926. Twenty-six different agencies functioned during all or a part of the year. There were three agencies operating on the South St. Paul market and two agencies on each of the livestock markets at Chicago, East St. Louis, Kansas City and Sioux City. The agencies operating at Toledo, Ohio, and Wichita, Kans., were branch offices of associations located at Cleveland and Kansas City respectively. The Toledo branch operated from January 11, 1926 to December 17, 1926. An agency which was operated at Oklahoma City during 1925 and the preceding years did not function in 1926.

Over ten million animals were handled by the 26 active agencies. Of the total number over 6,700,000 were hogs, over 2,000,000 were cattle and over 1,500,000 were sheep. The detailed figures are as follows:

Market	No. of agencies	Animals handled				Sales and purchases
		Cattle & calves	Hogs	Sheep	Total	
Buffalo	1	51,772	242,296	171,056	465,124	\$ 10,718,925
Chicago	2	163,836	316,902	418,950	1,399,703	44,065,461
Cincinnati	1	36,156	153,377	23,711	218,244	6,088,028
Cleveland	1	55,240	169,265	92,164	316,669	7,399,532
Denver	1	10,694	49,195	167,182	227,071	3,989,783
Detroit	1	96,994	146,592	117,393	360,979	8,000,000
E. St. Louis	2	338,475	1,288,203	163,850	1,790,528	51,008,886
Evansville	1	25,260	79,119	4,524	108,903	5,944,676
Ft. Worth	1	109,069	5,153	8,666	122,893	4,110,377
Indianapolis	1	111,947	486,772	45,377	644,096	19,154,546
Kansas City	2	130,274	289,485	65,750	485,509	18,788,884
Milwaukee	1	86,894	31,367	4,733	172,994	3,815,852
Omaha	1	76,168	358,291	25,836	460,295	15,426,608
Peoria	1	13,240	158,520	1,729	173,489	5,119,585
Pittsburgh	1	26,618	117,410	69,993	214,026	4,779,858
St. Joseph	1	91,390	433,951	44,937	570,328	17,720,163
St. Paul	3	499,129	1,297,937	133,235	1,930,301	50,813,123
Sioux City	2	70,656	506,353	25,029	602,038	19,575,765
Toledo	1	1,732	14,856	1,536	18,124	692,145
Wichita	1	26,663	24,653	5,253	56,569	1,849,265
Total	26	2,022,227	6,724,702	1,590,959	10,337,888	\$299,061,462

Twenty-five of the agencies reported earnings to the amount of \$2,653,716. Expenses for these agencies were \$1,963,364, leaving approximately \$700,000 for refunds to shippers.

Sales made up more than 96 per cent of the total business. Purchases represented almost entirely animals bought to fill stocker and feeder orders. A number of the agencies did not make any purchases.

Approximately 50,000,000 animals have been sold by farmer-controlled commission agencies since the establishment of the Farmers' Union agency at Omaha in 1917. The number of animals handled per year has varied from about 100,000 in 1927 to 12,530,000 in 1924. Reports from the Federally inspected slaughtering plants indicate that the number of animals slaughtered in 1924 was larger than for any preceding or any subsequent year. Total business for the ten years amounts to more than \$1,200,000,000.

The figures showing the development of cooperative marketing at the terminal livestock markets are as follows:

Year	Number of agencies operating	Data from associations reporting		
		Number reporting	Number of animals handled	Sales and purchases
1917	2	2	99,900	\$ 5,900,000
1918	4	3	278,700	14,400,000
1919	5	4	614,900	27,100,000
1920	5	4	741,700	26,900,000
1921	7	7	1,268,400	30,000,000
1922	17	16	3,941,100	96,000,000
1923	25	25	10,023,000	191,700,000
1924	26	25	12,581,900	234,700,000
1925	26	25	10,768,889	279,500,000
1926	26	26	10,337,888	299,100,000

The sales value of the animals handled in 1926 was larger than for any previous year, although the number of animals was less than for either of the two preceding years.

In addition to the sales agencies at the large terminal livestock markets several cooperative associations have been conducting cooperative livestock auctions in some of the larger cities in Kentucky.

CANADIAN STORE KEPT OPEN ONE DAY A WEEK

A little farmers' store in Northern Ontario, Canada, known as the Charlton and District Cooperative Society, Ltd., made merchandise sales last year to the amount of \$9,173, although it was kept open but one day in the week. Eggs to the amount of \$144 were sold also. Share capital of the society amounts to \$1,650, and at the end of 1926 there was a surplus of \$1,879. This year the store is being kept open two days a week.

----0----

SOUTH AFRICA ENCOURAGES COOPERATIVE ENTERPRISES

Cooperative societies of the Union of South Africa numbered 272, with 39,804 members, on June 30, 1925, according to the annual report of the Department of Agriculture of that country. Of this number 152 were cooperative agricultural societies with unlimited liability, 109 were cooperative agricultural societies with limited liability, and 11 were consumers' trading societies. Twenty-three had been formed within the year covered by the report.

A new Division of Agricultural Economics, Markets, and Cooperation was established early in 1925 in the Department of Agriculture, and a Registrar of Cooperative Societies was placed in charge of the subdivision of cooperation. It is one of the functions of this subdivision "to teach farmers, as well as the general public what cooperation really is." A comprehensive investigation of the present state of cooperation in the country has been begun.

----0----

SPANISH ORANGE GROWERS TO EMULATE CALIFORNIA

Plans for improving marketing methods for Spain's Valencia oranges, emphasizing their excellence, and establishing a reputation for high quality, have been prepared and are attracting much attention from growers and shippers and from the press of that country, according to a recent consular report from Valencia. The plan is patterned after that of the California Fruit Growers' Exchange, modified to suit local conditions. An official from the section of Spain where oranges are the main product visited the United States and studied methods of orange marketing before making recommendations.

This official advises that all existing groups, organizations and brands shall be kept intact, that what has been achieved shall not be destroyed, but that an overhead organization shall be formed with authority to harvest, pack and sell the fruit on the basis of a small commission, inspecting all fruit intended for export, and branding choice grades.

ARTICLES OF INCORPORATION SHOULD BE PRINTED

The articles of incorporation and by-laws of cooperative associations should ordinarily be presented together in the same booklet. The articles of incorporation, or the certificate of incorporation, as it is called in some states, is the "foundation" of the association. The by-laws of the association must be in harmony therewith. The scope of the powers and authority of the association is given in the articles of incorporation. Hence the importance of having the articles of incorporation printed in the same booklet with the by-laws is obvious. Many associations apparently make a practice of printing their by-laws but do not print their articles of incorporation or certificate of incorporation. On reflection it is apparent that it would be advisable to have the articles of incorporation printed with the by-laws.

L. S. Hulbert.

-----0-----

CONTRACT NOT AUTHORIZED BY STATUTE INVALID

In *Colorado Wheat Growers' Association v. Thede*, 235, P. 30, the Supreme Court of Colorado held that the marketing contract of the association was invalid and unenforceable, because the law of Colorado at the time the contract was entered into did not authorize the same. In 1923 Colorado enacted a cooperative marketing act which authorized contracts of the type in question and the association, through appropriate action by a majority of its members, was brought under this act, but the Court held that inasmuch as the contract in question was entered into prior to the passage of the cooperative marketing act, it had no bearing thereon, the Court saying: "We hold that the contract was void in its incipency, and that the dead cannot be brought to life by medicine subsequently administered."

In the decision in question, the Court followed an earlier case, that of *Atkinson v. Colo. Wheat Growers' Assn.*, 77 Colo. 559, 238 P. 1117. In the case of *Rifle Potato Growers' Assn., v. Smith*, 78 Colo. 171, 240 P. 937, the Supreme Court of Colorado held the cooperative marketing act of that State constitutional and that the association which was organized thereunder could enforce its marketing contracts which were made in pursuance thereof.

L. S. Hulbert.



DEFENSES TO MARKETING CONTRACTS WAIVED

On March 12, 1927 the Supreme Court of Kansas decided the case, not yet published, of the Kansas Wheat Growers' Association v. Massey, in favor of the association. It appeared that the association brought suit for liquidated damages of 25 cents per bushel on account of wheat which the defendant had failed to deliver in accordance with his contract with the association. The defense of the defendant was that he had been induced to sign the marketing agreement by fraud. The lower court found in favor of the defendant and the association appealed.

On April 15, 1922, the defendant was accepted as a member of the association. On July 1, 1922, he discovered that the representations made to him to induce him to become a member were false. Although he produced wheat in the years 1922, 1923 and 1924, he delivered none to the association. The suit was instituted in January, 1925. On September 20, 1924, the defendant executed a proxy as a member of the Kansas Wheat Growers' Association authorizing the receiver thereof to represent him at meetings of the association. Owing to the fact that the defendant by executing the proxy thereby asserted he was a member of the association, the court held that he had waived his right to insist that he was not a member of the association. In this connection the court said in part:

If defendant considered he was fraudulently induced to become a member, he was privileged to renounce membership, and renunciation would relieve him from obligation to comply with the marketing agreement. It rested entirely with him what he would do. He could rescind and stay out, or he could stay in. But he could not consider himself out at marketing time, and in when corporate business was to be transacted, or keep membership and withdraw from marketing agreement. No subtlety or sophistry can reconcile these inconsistencies, and if, as defendant asserted, he was a member of the association in 1924 and 1925, he is liable for nondelivery of his wheat crops of 1922, 1923, and 1924.

On the same date that the case just discussed was decided by the Supreme Court of Kansas, that court decided the case of the Kansas Wheat Growers' Association v. Rowan. In this case the association sought to recover liquidated damages of 25 cents per bushel for wheat sold outside the association and also sought to enjoin the defendant from selling to anyone other than itself some 1200 bushels of wheat. Defendant contended that the contract was procured through fraud and misrepresentations and that it was void because in violation of the anti-monopoly statutes and because it was in contravention of the constitution of Kansas and of the United States. All of these defenses were held of no avail in the lower court and the defendant appealed. Defendant delivered wheat to the association in 1922 and in 1923, and on November 4, 1924, executed a

proxy entitling the receiver thereof to represent him at all meetings of members of the association. The chief misrepresentation claimed was that agents for the association stated that it had obtained four or five million dollars from the War Finance Corporation to loan to farmers who would join the association. "Defendant testified that he was sick of having signed the agreement with the association within a week after he had done so." In this connection the court said:

The fact that he was sick of having signed his contract within a week after so doing indicated almost immediate discovery of something wrong in connection therewith. Whatever caused him to so regard his contract was undoubtedly sufficient to put him on inquiry concerning any misrepresentations that had been made to him. If he desired to rescind his contract, he should have done so immediately, or at least within a reasonable time. (Cleaves v. Thompson, 122 Kan. 43, 251 Pac. 429 and cases cited.) Instead of so doing, he delivered his wheat to the plaintiff under his contract the next year and the following year and in 1924 exercised his rights as a member by authorizing his proxy to vote at all meetings and to assist in the association's dissolution. The misrepresentations concerning the War Finance Corporation became immaterial after the passing of two years, -- a sufficient ground in the beginning for rescision, or within a reasonable time, was not the basis therefor more than two years thereafter when defendant's acquiescence in plaintiff's program had become complete.

With respect to the other defenses of defendant the court said:

Contention that the contract was void because in violation of the anti-monopoly law; that the act under which it was executed was void because in contravention of the constitution of the United States and the constitution of Kansas cannot be sustained and need not be discussed at length. The same contentions have been heretofore held adversely to the contention now made by the defendant. In *Wheat Growers Association v. Charlet*, 118 Kan. 765, 236 P. 675, it was held: "The cooperative marketing act, under which the Kansas Wheat Growers Association is organized, does not contravene the constitution of the United States or the constitution of the State of Kansas, and the association is not a combination in restraint of trade or an organization for creation of monopoly."

L. S. Hulbert.

REPORTED BY THE ASSOCIATIONS

Previous to March 1, 1927, the Staple Cotton Cooperative Association, Greenwood, Miss., had received 225,325 bales of 1926 cotton and had sold 112,478 bales. On that date the amount distributed to members for the season had amounted to \$12,761,657.

Discussions of the relationship between farmers' elevators and the grain pool, and problems of wool marketing, were two strong features of the program of the second South Dakota Cooperative Institute, held at the State College, February 28 and March 1, 1927.

Four hundred cotton growers in the vicinity of Delano, Calif., have formed an association for marketing cotton and cotton seed cooperatively. The new organization, which has been incorporated under the name of the San Joaquin Cotton Growers, is formed without capital stock and is a nonprofit enterprise. Approximately 5,000 acres of cotton are represented by the membership of the association.

April 1 was the date set for the official launching of the Illinois Agricultural Mutual Insurance Company, and on that date all auto insurance policies were to go into effect. It was expected that these policies would number between 3,500 and 5,000. The plan of writing a "no value policy" and paying the actual value of the car at the time of loss, was meeting with approval, according to a recent report.

In its first full year of operation, 1923, sales of farm supplies by the Allegheny County Agricultural Cooperative Association, Pennsylvania, amounted to \$48,542. In 1924 the figures were \$74,136; in 1925, \$104,669; and in 1926, \$102,825. In the same time the membership increased from 118 to 200. A membership fee of \$5 and annual dues of \$1 are required. In addition each member must give a membership note of \$100 to be used as collateral security. Supplies handled include seeds, dairy and poultry feeds, fertilizer, lime, spray materials, spraying and dusting machinery, twine and baskets.

At a 3-day Marketing Conference, held December 2 to 4, 1926, at Roseburg, Oreg., under the direction of the Extension Service of the Oregon Agricultural College, one full day was given to cooperation. The program included addresses on the History of the Cooperative Movement in the United States, the Present Status of Cooperative Marketing Associations, Methods of Operating Successful Associations, The Next Step in Cooperative Marketing, Possibilities and Limitations of Cooperative Marketing Associations. In addition to specialists from the Extension Service, the list of speakers included men actively engaged in business.



DECEMBER AND JANUARY COPIES OF THIS CIRCULAR DESIRED

Copies of this circular for December, 1926, and January, 1927, are needed to complete library files. Readers who have copies of the December and January issues, for which they have no further use, will confer a favor by forwarding them to the Division of Cooperative Marketing, U. S. Department of Agriculture, Washington, D. C.

—0—

KENTUCKY LIVESTOCK SOLD THROUGH LOCAL AUCTIONS

Bulletin 270, of the Kentucky Agricultural Experiment Station, tells of Kentucky Livestock Auction Sales Organizations, a type of organization of recent origin in Central Kentucky. From one society in 1922 the number had increased in 1925 to 13 societies conducting sales of cattle, calves, hogs, sheep and lambs, in ten towns in the central part of the state. Types of organization and methods of conducting business are described, with many tables and charts.

-- -0----

STUDY MADE OF OREGON AND WASHINGTON PRUNE INDUSTRY

An economic study has been made by the Division of Cooperative Marketing, U. S. Department of Agriculture, of the Demand, Marketing and Production of Oregon and Washington Prunes, and issued as Department Circular 416. The purpose of the study was to secure the important economic facts in regard to the industry as an aid in planning a better program of production and marketing. Information collected from a variety of sources was tabulated, analyzed and studied. Copies of the circular are available for distribution.

-----0-----

COPIES OF HOUSE ORGANS AVAILABLE

Incomplete duplicate files of a number of the house organs published by cooperative associations are available for supplying missing numbers in files maintained by agricultural college libraries, other libraries, departments of economics, students of cooperative marketing, etc. If those whose files are incomplete will advise what numbers are missing, such numbers as can be supplied from the duplicate files will be forwarded. Address communications on this subject to Division of Cooperative Marketing, Department of Agriculture, Washington, D. C.



SELECTED LIST OF PUBLICATIONS AND ARTICLES

- Buck, Glenn A. Poultry Producers Pool Egg Crop. Nebraska Farmer, Lincoln, March 12, 1927, p. 4.
- Darlington, E. B. A Cooperative Cream Station. Hoard's Dairyman, Ft. Atkinson, Wis., March 10, 1927, p. 279.
- Dunning, George F. Cooperation is Building an Empire Here: Three Rivers Association at Kennewick Has Made Notable Record in Five Years. Washington Farmer, Spokane, March 24, 1927, p. 3.
- Hurd, C. J. A Discussion of the Prune Problem: Containing Recommendations to Growers and Dealers. 16 p. Oregon Agricultural College Extension Service. Extension Bulletin 396. Corvallis, 1927.
- Hutcheson, John R. Our Agricultural Problems: Cooperative Marketing Associations. Part IV. Southern Planter, Richmond, Va., January 15, 1927, p. 6.
- McConnell, Lorne H. Canadian Wheat Producers Saved by Great Pool. Wheat Growers' Journal, Wichita, April 1, 1927, p. 8.
- Maple, Exchange Difficulties. New England Homestead, Springfield, Mass., March 5, 1927, p. 18.
- Montgomery, J. S. A Live Stock Cooperative's Record Year. Breeder's Gazette, Chicago, March 10, 1927, p. 251.
- Murphy, D. R. Notes on Cooperation: Farmers' Buying Service -- Cooperation Among Farm Groups. Wallaces' Farmer, Des Moines, Iowa, March 11, 1927, p. 14.
- Sexton, Jay C. Sources of Capital for Growers and Cooperative Groups. Citrus Leaves, Redlands, Calif., March, 1927, p. 18.
- Tobacco Contracts Cancelled. New England Homestead, Springfield, Mass., March 12, 1927, p. 33.
- Why Did the Tobacco Association Fail? Receiver James H. Pou Names Seven Major Mistakes That Were Made. Progressive Farmer, Raleigh, N. C., April 2, 1927, p. 8.
- Wicker, George R. From Failure to Success: The Result of the Analysis of 65 Farmers' Elevators in Illinois. The Bureau Farmer, Chicago, April, 1927, p. 2.

---

 IN THIS ISSUE
 

---

	<u>Page</u>
Tobacco:	
New contract for Burley Tobacco Growers.....	137
Connecticut Tobacco Growers' contracts cancelled.....	137
Fruits and vegetables:	
Refund for Colorado Potato Growers.....	138
Washington apple federation pays growers promptly....	138
Wisconsin association markets cherries.....	139
Dairy products:	
Equity Union Creameries continue to expand (S. Dak.).....	140
Modesto creamery reports big increase in butter made (Calif.)	140
Nebraska creamery makes more butter.....	141
Cheese sales by Canadian cooperative.....	141
Minnesota creameries report on many lines of effort.....	142
Poultry products:	
More eggs and poultry marketed by Manitoba producers.....	143
Saskatchewan egg association completes first year.....	143
Grain:	
Dividend declared by Ohio Equity Exchange.....	144
Kansas commission company makes patronage refund.....	144
Saskatchewan Elevator Company winding up business.....	145
Livestock:	
Cooperative sales on terminal livestock markets.....	147
Foreign:	
Canadian store kept open one day a week.....	149
South Africa encourages cooperative enterprises.....	149
Spanish orange growers to emulate California.....	149
Legal:	
Articles of incorporation should be printed .....	150
Contract not authorized by statute invalid.....	150
Defenses to marketing contracts waived.....	151
Miscellaneous:	
Reported by the association.....	153
Publications:	
December and January copies of this circular desired.....	154
Kentucky livestock sold through local auctions.....	154
Study made of Oregon and Washington prune industry.....	154
Copies of house organs available.....	154
Selected list of publications and articles.....	155

---